

Message Text

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PAGE 01 MANILA 10376 061052Z

ACTION EA-09

INFO OCT-01 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

PA-01 PRS-01 /111 W

-----068188 061117Z /10

R 060809Z JUL 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1995

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

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E. O. 11652: NA

TAGS: ENRG, RP

SUBJECT: IMPACT OF SAUDI/UAE CRUDE OIL PRICE HIKE ON THE
PHILIPPINES

REF: A. MANILA A-122(NOTAL), B. MANILA 1930(NOTAL), C. MANILA 4549
(NOTAL)

1. THE JULY 1 SAUDI ARABIA/UAE 5 PERCENT PRICE INCREASE
WILL COST THE PHILIPPINES AN ADDITIONA U.S. DOLLARS 14.8
MILLION IN FOREIGN EXCHANGE FOR THE PERIOD JULY 1 TO
DECEMBER 31. THIS ESTIMATE WAS MADE BY THE PHILIPPINE
NATIONAL OIL COMPANY (PNOC) FOR GOP PLANNING PURPOSES AND
IS BASED ON A 70,000 BARREL DAY IMPORT OF SAUDI CRUDE BY
PNOC, CALTEX, AND MOBIL.

2. THE PNOC HAS JUST BEGUN (JULY 1) THE IMPORT OF 20,000

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BARRELS/DAY OF SAUDI CRUDE CONTRACTED FOR RECENTLY (REFTEL
C). PNOC WILL PAY THE HIGHER PRICE FOR THESE IMPORTS
ACCORDING TO ROBERTO GUISON, PNOC'S MIDDLE EAST NEGOTIATOR.

3. CALTEX HAS ALREADY ANNOUNCED ITS INTENT TO PETITION
FOR A PRODUCT PRICE INCREASE OF AN AVERAGE OF 3 CENTAVOS/
LITER AND THE OTHER FIRMS ARE EXPECTED TO FOLLOW SUIT SOON.

ONLY PNOC, CALTEX, AND MOBILE ARE DIRECTLY AFFECTED BY THIS CRUDE PRICE HIKE, BUT SHELL AND GETTY ARE EXPECTED TO PETITION ALSO BASED ON THE FACT THAT THEY ARE UNDER-RECOVERED ON THE APRIL PRICE HIKE DUE TO THE TWO-TIER OPEC INCREASE (REFTEL B AND REFAIR A).

4. GERONIMO VELASCO, CHAIRMAN OF BOTH THE PNOC AND THE ENERGY DEVELOPMENT BOARD, ANNOUNCED LAST JUNE 21 IN RESPONSE TO A QUESTION BEFORE THE NATIONAL BUSINESSMAN'S CONFERENCE, THAT THE GOVERNMENT WOULD GRANT OIL PRODUCT PRICE INCREASES IN THE EVENT OF A SAUDI PRICE HIKE BECAUSE THE OIL COMPANIES COULD NOT ABSORB THE COST INCREASES THEMSELVES. HOWEVER, THE MARKET PLACE IS STILL REVERBERATING FROM THE APRIL PRICE HIKE. ALSO, WITH THE LARGE SPECIFIC TAX MARGIN ACHIEVED ON THE LAST HIKE, PLUS ADDITIONAL MONEY MARKET AND CORPORATE TAXES RECENTLY IMPOSED, WE DO NOT SEE FINANCE SECRETARY VIRATA PUSHING FOR A QUICK HIKE AS HE DID LAST TIME WHEN HE WANTED THE ADDITIONAL REVENUES.
STULL

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Message Attributes

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Sent Date: 06-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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